

**MENTAL HEALTH & RECOVERY BOARD OF  
CLARK, GREENE AND MADISON COUNTIES**

SINGLE AUDIT

JULY 1, 2007 through JUNE 30, 2008

Year Audited Under GAGAS: 2008

CAUDILL & ASSOCIATES CPA's  
725 5<sup>th</sup> Street  
Portsmouth, OH 45662

---





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Mental Health & Recovery Board of Clark, Greene and Madison Counties  
1055 East High Street  
Springfield, Ohio 45505

We have reviewed the *Independent Auditor's Report* of the Mental Health & Recovery Board of Clark, Greene and Madison Counties, Clark County, prepared by Caudill & Associates, CPA's, for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mental Health & Recovery Board of Clark, Greene and Madison Counties is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

December 15, 2008

**This Page is Intentionally Left Blank.**

**MENTAL HEALTH & RECOVERY BOARD OF  
CLARK, GREENE AND MADISON COUNTIES**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>Page</b>
Independent Auditor's Report .....	1 - 2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended June 30, 2008 .....	3
Notes to the Financial Statements.....	4 – 9
Schedule of Expenditures of Federal Awards – For the Year Ended June 30, 2008.....	10
Notes to the Schedule of Expenditures of Federal Awards .....	11
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> .....	12 - 13
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	14 - 15
Schedule of Findings and Questioned Costs .....	16 - 17

# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## Independent Auditor's Report

Board of Trustees  
Mental Health & Recovery Board of Clark, Greene and Madison Counties  
1055 East High Street  
Springfield, Ohio 45505

We have audited the accompanying financial statements of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board), as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Board has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Board to reformat its financial statement presentation and make other changes effective for the year ended June 30, 2008. Instead of the combined funds the accompanying financial statements present for 2008, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2008. While the Board does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Board has elected not to reformat its statements. Since this Board does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended June 30, 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of June 30, 2008, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Mental Health & Recovery Board of Clark, Greene and Madison Counties, as of June 30, 2008, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

Board of Trustees  
Mental Health & Recovery Board of Clark, Greene and Madison Counties  
Independent Auditor's Report  
Page 2

The aforementioned revisions to generally accepted accounting principles also require the Board to include Management's Discussion and Analysis for the year ended June 30, 2008. The Board has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2008, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Board, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Caudill & Associates, CPAs*

Caudill & Associates, CPAs

December 5, 2008

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	(Memorandum Only)
<b><i>Cash Receipts</i></b>			
Taxes	\$ 9,447,432	\$ -	\$ 9,447,432
Intergovernmental	1,205,222	21,312,902	22,518,124
Rental	864,041	-	864,041
Miscellaneous	19,203	130,220	149,423
Total Cash Receipts	<u>11,535,898</u>	<u>21,443,122</u>	<u>32,979,020</u>
<b><i>Disbursement</i></b>			
Salaries	103,157	1,174,526	1,277,683
Benefits	36,683	373,750	410,433
Treatment Services to contracts agencies	10,124,841	19,946,835	30,071,676
Professional Services	24,785	90,026	114,811
Supplies and Materials	18,781	41,088	59,869
Capital Outlay/equipments	674,203	6,492	680,695
Repair	37,054	25,625	62,679
Insurance	29,242	14,948	44,190
Rental and Utilities	373,922	27,850	401,772
Advertising and Printing	1,136	4,236	5,372
Travel Expenses	1,470	8,527	9,997
Debt Expenses	128,580	-	128,580
Miscellaneous	179,171	9,987	189,158
Total Cash Disbursements	<u>11,733,025</u>	<u>21,723,890</u>	<u>33,456,915</u>
Total Receipts Over (Under) Disbursements	<u>(197,127)</u>	<u>(280,768)</u>	<u>(477,895)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	-	356,137	356,137
Advances Out	(356,137)	-	(356,137)
Refunds of Prior Year Disbursements	43,561	24,822	68,383
Total Other Financing Receipts (Disbursements)	<u>(312,576)</u>	<u>380,959</u>	<u>68,383</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	(509,703)	100,191	(409,512)
Fund Cash Balance, July 1	<u>5,483,037</u>	<u>562,838</u>	<u>6,045,875</u>
Fund Cash Balance, June 30	<u>\$ 4,973,334</u>	<u>\$ 663,029</u>	<u>\$ 5,636,363</u>

The notes to the financial statements are an integral part of this statement



**MENTAL HEALTH & RECOVERY BOARD OF CLARK,  
GREENE, AND MADISON COUNTIES**  
**Notes to the Financial Statement**  
**June 30, 2008**

---

**1. Summary of Significant Accounting Policies**

**A. Reporting entity**

The Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is directed by an eighteen-member Board. Board members are appointed by Ohio Department of Mental Health (ODMH), Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and the legislative authorities of the counties making up the Board. Those subdivisions are the Clark, Greene and Madison County Commissioners. The Board provides alcohol, drug addiction, and mental health services and programs to citizens in Clark, Greene and Madison Counties primarily through contracts with private and public agencies.

The Clark County Auditor and the Clark County Treasurer serve respectively as fiscal officer and custodian of all public funds. The Board's management believes these financial statements present all activities for which the Board is financially accountable.

**B. Basis of accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**C. Cash**

As required by the Ohio Revised Code, the Board's cash is held and invested by the Clark County Treasurer, who acts as custodian for the Board's money. The Board's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's carrying amount. Information related to investments and credit risk can be obtained by reviewing the Clark County, Ohio financial statements.

**D. Fund Accounting**

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board classifies its funds into the following types:

*General Fund* - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Board had the following significant special revenue funds:

Medicaid (ODMH) – This fund accounts for the Medicaid reimbursements received from the Ohio Department of Mental Health based on claims submitted by provider agencies.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,  
GREENE, AND MADISON COUNTIES**  
**Notes to the Financial Statement**  
**June 30, 2008**

---

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

*Special Revenue Funds (Continued)*

ODMH 408 SMD Services - This fund accounts for funding passed through the Ohio Department of Mental Health to local mental health boards to pay for inpatient services as well as community services for persons with severe mental illnesses.

ODMH 505 Regular – This fund accounts for funding passed through the Ohio Department of Mental Health to local mental health boards to provide mental health services to members of the community.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, or account level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of fiscal year 2008 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,  
GREENE, AND MADISON COUNTIES**  
Notes to the Financial Statement  
June 30, 2008

**1. Summary of Significant Accounting Policies (Continued)**

**G. Unpaid vacation and sick leave**

Employees are entitled to cash payment for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Board.

**H. Interfund Transactions**

During the course of normal operations, the Board will, as necessary, transfer or advance cash between funds to meet current obligations. In 2008, \$356,137 was advanced from the General Fund to several Special Revenue Funds.

**2. Budgetary Activity**

Budgetary activity for the year ending June 30, 2008 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,955,886	\$11,579,459	(\$376,427)
Special Revenue	20,665,670	21,467,944	802,274
Total	\$32,621,556	\$33,047,403	\$425,847

2008 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,760,654	\$11,733,025	\$27,629
Special Revenue	21,775,045	21,723,890	51,155
Total	\$33,535,699	\$33,456,915	\$78,784

The Board did not budget for advances to and from one fund to another.

**3. Long-Term Obligations:**

Over the years, the Board has received numerous mortgage loans payable from the State of Ohio Department of Mental Health (ODMH) to fund construction or acquisition of facilities. These loans are being forgiven by the State over 40 years, as long as the use of these facilities continues to provide mental health services. The loans are exempt from the debt limitations established by Section 5705.19 of the Ohio Revised Code.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,  
GREENE, AND MADISON COUNTIES**  
**Notes to the Financial Statement**  
**June 30, 2008**

**3. Long-Term Obligations** (Continued)

The original balances of these loans are as follows:

<u>Loan Number</u>	<u>Original Loan Amount</u>	<u>ODMH Balance as of 6/30/08</u>
MH-207	\$ 1,229,396	\$ 425,198
MH-324	99,779	44,791
MH-364	58,146	28,895
MH-379	128,006	66,282
MH-409	131,000	73,157
MH-414	225,200	124,346
MH-519	142,500	92,337
MH-591	437,400	306,210
MH-636	73,500	54,821
MH-726	94,000	76,191
MH-731	<u>30,000</u>	<u>24,690</u>
Total	<u>\$ 2,648,927</u>	<u>\$ 1,316,918</u>

ODMH Loan Number MH-637 was transferred to a provider agency on October 8, 2007. The Board has obtained a release from ODMH.

The Board is also a party to various promissory notes related to the purchase of property, secured by mortgages on the related properties:

A promissory note to Sky Bank in the amount of \$216,000 was issued on June 30, 1999 with an interest rate of 6.89% for 240 months with final maturity in fiscal year 2019. This was transferred to Huntington National Bank in September 2007 with same rate and term. The promissory note relates to the acquisition of 1480 Anna Street, Fairborn, Ohio. Principal balance at June 30, 2008 was \$162,799.

A promissory note to Bank One with an original borrowing of \$105,000 was issued on April 21, 2000. On November 17, 2005 the remaining balance on the mortgage \$84,509 was renewed with Chase Bank at a fixed interest rate of 7.5% until maturity on September 30, 2015. Monthly installments of \$1,008 will be paid on the mortgage related to the properties at 323 and 335 E. Market, Xenia, Ohio. Principal balance at June 30, 2008 was \$68,318.

A promissory note to Sky Bank with an original mortgage borrowing of \$860,000 was issued on December 21, 2000. The principal amount of \$746,454 was refinanced on December 12, 2002 at a 6.5% interest rate, which is adjusted every five-years to the U.S. Treasury weekly average yield. On November 17, 2005 the rate was adjusted to 7.75% thereby changing the monthly installment payment from \$5,897 to \$6,132 with the final payment due in September 2021. This was transferred to Huntington National Bank in September 2007 with an interest rate of 7.15%, same payment amount and maturity at December 2010. The Property mortgage is on the facility located at 600 Dayton-Yellow Springs Road, Fairborn, Ohio. Principal balance at June 30, 2008 was \$603,566.

A promissory note to Huntington National Bank with an original borrowing of \$320,000 was issued on April 9, 2004. The interest rate on the loan is adjusted annually to the 3-month LIBOR average. For Fiscal year 2008 the interest rate on the loan was 4.270%. The current monthly debt service payment is \$2,008. The property mortgage is on the facility located 222 East Street in Springfield, Ohio. Principal balance at June 30, 2008 was \$285,051.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,  
GREENE, AND MADISON COUNTIES**  
**Notes to the Financial Statement**  
**June 30, 2008**

**3. Long-Term Obligations** (Continued)

Future principal and interest requirements at June 30, 2008, are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 65,820	\$ 63,576	\$ 129,396
2010	64,464	66,288	130,752
2011	569,347	43,375	612,722
2012	35,033	22,137	57,170
2013	37,279	19,891	57,170
2014-2018	190,558	64,198	254,756
2019-2023	122,403	19,447	141,850
2024-2027	<u>34,830</u>	<u>1,202</u>	<u>36,032</u>
Total	<u>\$ 1,119,734</u>	<u>\$ 300,114</u>	<u>\$ 1,419,848</u>

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date. Property tax levies have been passed in Clark, Greene and Madison Counties. Total mental health levy tax rates in effect for fiscal year 2008 are 2.65, 1.5, and 0.5 mills in Clark, Greene and Madison Counties respectively. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reported in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the respective counties. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The respective counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**5. Retirement System**

The Board's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For the period July 1, 2007 to December 31, 2007, PERS members contributed 9.50% of their gross salaries and the Board contributed an amount equal to 13.85% of participants' gross salaries. For the period January 1, 2008 to June 30, 2008 PERS members contributed 10% of their gross salaries and the Board contributed an amount equal to 14% of participants' gross salaries. The Board has paid all contributions required through June 30 2008. See the financial report of Clark County, Ohio complete pension disclosure.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,  
GREENE, AND MADISON COUNTIES**  
**Notes to the Financial Statement**  
**June 30, 2008**

---

6. **Deferred Compensation Programs**

Employees of the Board have the option to participate in either, or both, the Ohio Public Employees Deferred Compensation Program or the County Commissioners Association of Ohio Deferred Compensation Plan. Both of these programs are deferred compensation plans under Internal Revenue Code section 457. Employees may elect to defer a portion of their pay until a later date, normally retirement.

7. **Risk Management**

The Board has obtained commercial insurance for the following risks:

- Comprehensive Property and general liability
- Vehicles
- Employee Practice and Dishonesty
- Employer liability
- Director and Officers liability

The Board also provides health insurance and dental coverage to full-time employees through a private carrier. There was no reduction in the level of coverage during the year and settled claims have not exceeded insurance coverage in any of the past three years.

8. **Contingencies**

The Board received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**Mental Health & Recovery Board of Clark, Greene and Madison Counties**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2008

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Award Year</u>	<u>Pass Through Number</u>	<u>Expenditure</u>
<b>U.S. DEPARTMENT OF HUMAN SERVICES:</b>				
<i>Passed through Ohio Department of Mental Health:</i>				
Community-Based Child Abuse Prevention Grant	93.590	2008	(1)	\$ 29,429
Promoting Safe and Stable Families	93.556	2008	(1)	87,429
Title XX		2007	(1)	97,556
		2008	(1)	123,760
Total Title XX	93.667			<u>221,316</u>
<i>Passed through Ohio Department of Alcohol and Drug Addiction:</i>				
Alcohol and Drug Addiction Prevention Block Grants:				
RCI/Women's Recovery Center		2008	12-01123-WOMEN-T-08-9045	390,258
McKinley Hall's Women and Children's Program		2008	12-01039-WOMEN-T-08-9925	205,000
Treatment Per Capita		2008	(1)	735,695
Prevention Per Capita		2008	(1)	283,970
Total Alcohol and Drug Addiction Prevention Block Grants	93.959			<u>1,614,923</u>
<i>Passed through Multiple Agencies:</i>				
Block Grants for Community Mental Health Services (passed through Ohio Department of Mental Health)				
Community Plan		2008	(1)	163,445
Children/Adolescent		2008	(1)	57,895
				<u>221,340</u>
Block Grants for Community Mental Health Services (passed through The Ohio State University)		2008	125-CS-08-01	6,062
Total Block Grants for community Mental Health Services	93.958			<u>227,402</u>
Title XIX (passed through Ohio Department of Mental Health)		2007	(1)	1,113,121
		2008	(1)	5,810,393
				<u>6,923,513</u>
Title XIX (passed through Ohio Department of Alcohol & Drug Addiction)		2007	(1)	144,417
		2008	(1)	743,130
				<u>887,547</u>
Total Title XIX	93.778			<u>7,811,060</u>
Title XIX SCHIPS (passed through Ohio Department of Mental Health)		2007	(1)	81,114
		2008	(1)	390,499
				<u>471,614</u>
Title XIX SCHIPS (passed through Ohio Department of Alcohol & Drug Addiction)		2007	(1)	56,273
		2008	(1)	152,230
				<u>208,503</u>
Total Title XIX SCHIPS	93.767			<u>680,117</u>
Total U.S. Department of Human Services				<u>10,671,676</u>
TOTAL FEDERAL AWARDS				<u>\$ 10,671,676</u>

(1) Pass through; number not available.

See the accompanying Notes to the Schedule of Expenditures of Federal Awards

**MENTAL HEALTH & RECOVERY BOARD OF  
CLARK, GREENE AND MADISON COUNTIES**

**Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2008**

---

**NOTE A - BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is a summary activity of all federal award programs of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board). The Schedule has been prepared on the cash basis of accounting.

**NOTE B – SUB-RECIPIENTS**

The Board passes through certain federal grants from the State Department of Mental Health and the State Department of Alcohol and Drug Addiction Services to various not-for-profit provider agencies. As described in Note 1 above, the Board records expenditures of federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under OMC Circular A-133, the Board is responsible for monitoring subrecipients to help assure federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grants agreements and that performance goals are achieved.

The Board conducts its monitoring procedures by requiring each of the subrecipients to have an annual audit performed in accordance with OMB Circular A-133.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Caudill & Associates, CPA's**  
725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Mental Health & Recovery Board of Clark, Greene and Madison Counties  
1055 East High Street  
Springfield, Ohio 45505

We have audited the financial statements of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 5, 2008, wherein we noted the Board followed accounting practices the Auditor of State prescribes rather than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness as defined above.

Board of Trustees  
Mental Health & Recovery Board of Clark, Greene and Madison Counties

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Governmental Auditing Standards*.

We noted a certain other matter that we reported to the Board's management in a separate letter dated December 5, 2008

This report is intended for the information and use of the Board of trustees, audit committee, management, the Auditor of State, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's

December 5, 2008

# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

## **Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Trustees  
Mental Health & Recovery Board of Clark, Greene and Madison Counties  
1055 East High Street  
Springfield, Ohio 45505

### **Compliance**

We have audited the compliance of the Mental Health & Recovery Board of Clark, Greene and Madison Counties ("the Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2008. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### **Internal Control Over Compliance**

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

Board of Trustees  
Mental Health & Recovery Board of Clark, Greene and Madison Counties

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

**Internal Control Over Compliance (Continued)**

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board's management, Board of trustees, audit committee, Auditor of State, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's

December 5, 2008

**MENTAL HEALTH & RECOVERY BOARD OF  
CLARK, GREENE AND MADISON COUNTIES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505**

**FOR THE YEAR ENDED JUNE 30, 2008**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified								
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No								
<i>(d)(1)(ii)</i>	<b>Were there any other significant control deficiency conditions reported at the financial statement level (GAGAS)?</b>	No								
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No								
<i>(d)(1)(iv)</i>	<b>Were there any material weakness conditions reported for major federal programs?</b>	No								
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies conditions reported for major federal programs?</b>	No								
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified								
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No								
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Program</u></th> <th style="text-align: right;"><u>CFDA</u></th> </tr> </thead> <tbody> <tr> <td>Title XIX – Medicaid</td> <td style="text-align: right;">93.778</td> </tr> <tr> <td>Title XIX – SCHIPS</td> <td style="text-align: right;">93.767</td> </tr> <tr> <td>Alcohol and Drug Addiction Prevention Block Grants</td> <td style="text-align: right;">93.959</td> </tr> </tbody> </table>	<u>Program</u>	<u>CFDA</u>	Title XIX – Medicaid	93.778	Title XIX – SCHIPS	93.767	Alcohol and Drug Addiction Prevention Block Grants	93.959
<u>Program</u>	<u>CFDA</u>									
Title XIX – Medicaid	93.778									
Title XIX – SCHIPS	93.767									
Alcohol and Drug Addiction Prevention Block Grants	93.959									
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 320,150 Type B: All others								
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes								

**MENTAL HEALTH & RECOVERY BOARD OF  
CLARK, GREENE AND MADISON COUNTIES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*OMB CIRCULAR A-133 § .505*

**FOR THE YEAR ENDED JUNE 30, 2008**

NONE NOTED

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

NONE NOTED

<b>3. FINDINGS AND QUESTIONED COSTS OFR FEDERAL AWARDS</b>
--



**Mary Taylor, CPA**  
Auditor of State

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE & MADISON COUNTIES**

**CLARK COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 24, 2008**